

## Message Text

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PAGE 01 MANILA 12190 01 OF 02 181111Z

ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 NEA-10 IO-13 HA-05 AID-05  
CIAE-00 COME-00 EB-08 FRB-03 INR-10 NSAE-00  
ICA-11 XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01  
NSC-05 SS-15 STR-07 CEA-01 L-03 H-01 PA-01 /122 W  
-----069652 181116Z /15

R 181048Z JUL 78

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 8694

LIMITED OFFICIAL USE SECTION 01 OF 02 MANILA 12190

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FOR NAC AGENCIES

E.O. 11652: N/A

TAGS: EAID, EFIN, SHUM, ADB

SUBJ: ADVANCE INFORMATION ON PROJECTS FOR HUMAN RIGHTS  
CONSIDERATION

IN ORDER TO PROVIDE WASHINGTON WITH AS MUCH TIME AS  
POSSIBLE TO CONSIDER HUMAN RIGHTS ASPECTS OF THE ADB PROJECTS,  
WE ARE SUBMITTING INFORMATION ON THE FOLLOWING PROJECTS:

1. SULAWESI POWER PROJECT: INDONESIA (TENTATIVELY  
SCHEDULED FOR CONSIDERATION OF BOARD OF DIRECTORS IN  
AUGUST).

A. PROJECT DESCRIPTION: THE PROJECT CONSISTS OF TWO  
PARTS: PART A - CONSTRUCTION COMPONENT AND PART B -  
PROJECT PREPARATION COMPONENT. THE CONSTRUCTION COMPONENT  
CONSISTS OF GENERATION EXPANSION WITH INSTALLATION OF 2 X  
12 MW DIESEL GENERATING UNITS, TRANSMISSION REINFORCEMENT  
AND EXPANSION AND DISTRIBUTION EXPANSION IN UJUNG PANDANG  
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PAGE 02 MANILA 12190 01 OF 02 181111Z

AREA IN SOUTH SULAWESI. THE TOTAL ESTIMATED COST OF THIS  
COMPONENT IS US DOLLARS 30.3 MILLION OF WHICH US DOLLARS  
25.0 MILLION WOULD BE THE FOREIGN CURRECNY COST. THE  
PROJECT PREPARATION COMPONENT PROVIDES FOR CONSULTING  
SERVICES FOR PREPARATION OF DETAILED DESIGNS AND BID  
DOCUMENTS FOR THE TANGGARI I HYDROPOWER PROJECT IN THE  
MINAHASA AREA OF NORTH SULAWESI, AND IS ESTIMATED TO COST

US DOLLARS 1.0 MILLION IN FOREIGN CURRENCY.

B. PROJECT BENEFITS: THE CONSTRUCTION COMPONENT OF THE PROJECT WILL INCREASE ELECTRICITY SUPPLIES AND PROVIDE A MORE RELIABLE SOURCE OF POWER FOR RESIDENTIAL, COMMERCIAL, GOVERNMENT AND INDUSTRY USERS IN THE UJUNG PANDANG AREA. AT PRESENT ABOUT 63 PERCENT OF THE TOTAL CONSUMPTION IS BY DOMESTIC, COMMERCIAL AND GOVERNMENT OFFICES, BUT THE PROPORTION OF INDUSTRIAL CONSUMPTION IS EXPECTED TO INCREASE ABOUT 45 PERCENT OF THE TOTAL OVER THE NEXT EIGHT TO TEN YEARS SIGNIFYING INCREASE IN EMPLOYMENT OPPORTUNITIES AND GROWTH OF ECONOMIC ACTIVITIES. THE PROJECT WILL EXTEND ELECTRICITY SUPPLY TO AN ESTIMATED 15,000 NEW CONSUMERS LOCATED NOT ONLY IN THE COMMERCIAL AREA OF UJUNG PANDANG, BUT ALSO IN THE SEMI-URBAN/RURAL AREAS WHERE THERE IS AT PRESENT NO ELECTRICITY SUPPLY. NEW INDUSTRIAL USERS OF ELECTRICITY WILL INCLUDE LARGE-SCALE INDUSTRIES SUCH AS CEMENT AND STEEL FABRICATION AND A NEW INDUSTRIAL ESTATE WHERE SEVERAL MEDIUM-SCALE INDUSTRIES SUCH AS TEXTILES, CERAMICS, WOODEN PRODUCTS, FOOD AND BEVERAGE, METAL PROJECTS, ETC. ARE PROPOSED TO BE ESTABLISHED. THE PROJECT PREPARATION COMPONENT WILL ENABLE PROJECT PREPARATION FOR MEETING THE GROWING DEMAND FOR POWER IN THE MINAHASA AREA ARISING OUT OF INDUSTRIAL AND COMMERCIAL DEVELOPMENT, IN AN ECONOMICAL MANNER.

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PAGE 03 MANILA 12190 01 OF 02 181111Z

C. EXTENT OF INCREASE IN INCOMES AS A RESULT OF THE PROJECTS: THE INCREASE IN INCOME IN THE PROJECT AREA, AS A RESULT OF THE PROJECT WOULD BE INDIRECT IN THAT IT WOULD GENERATE ADDITIONAL EMPLOYMENT IN THE PROPOSED COMMERCIAL AND INDUSTRIAL ESTABLISHMENTS, WHICH ACCOUNT FOR UTILIZATION OF THE BULK OF THE POWER GENERATED AND DISTRIBUTED BY THE PROJECT. BY PROVIDING AN ESSENTIAL INPUT, THE PROJECT WOULD ENCOURAGE DEVELOPMENT SPREADING AWAY FROM JAVA, IMPROVE THE COMPETITIVENESS OF THE INDUSTRIES IN SULAWESI AND THEREBY INCREASE INCOME LEVELS IN THE PROJECT AREA.

2. TRENGGANU HYDROPOWER PROJECT, MALAYSIA: MALAYSIA (TENTATIVELY SCHEDULED FOR BOARD CONSIDERATION IN SEPTEMBER)

A. PROJECT DESCRIPTION: THE PROJECT CONSIST OF THE ERECTION OF A 400 MW HYDROELECTRIC POWER STATION ON THE TRENGGANU RIVER IN EASTERN PENINSULAR MALAYSIA AND WILL INVOLVE THE CONSTRUCTION OF A 150 M ROCKFILL DAM. THE PROJECT WILL BE INTEGRATED INTO THE NATIONAL GRID OF THE NATIONAL ELECTRICITY BOARD (NEB) OF MALAYSIA BY MEANS OF

SEPARATE TRANSMISSION PROJECTS WHICH WILL BE CONSTRUCTED PRIOR TO THE COMPLETION OF THE POWER STATION. THE TOTAL COST OF THE PROJECT IS ESTIMATED AT THE EQUIVALENT OF US DOLLARS 389 MILLION INCLUSIVE OF INTEREST DURING CONSTRUCTION. THE PROPOSED BANK LOAN AMOUNTS TO US DOLLARS 60 MILLION EQUIVALENT.

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PAGE 01 MANILA 12190 02 OF 02 181118Z  
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OMB-01 NSC-05 SS-15 STR-07 CEA-01 PA-01 HA-05  
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B. PROJECT BENEFITS: THE PROJECT HAS BEEN ASSESSED TO BE THE LEAST COST ALTERNATIVE FOR PROVIDING ADDITIONAL GENERATING CAPACITY REQUIRED BY THE NEB SYSTEM AFTER 1983. BY CONNECTING THE MAIN LOAD CENTERS IN TRANGGANU STATE TO THE NATIONAL GRID, THE PROJECT WILL PROVIDE RELIABLE AND ABUNDANT POWER TO ONE OF THE MOST UNDERDEVELOPED AREAS OF MALAYSIA WHICH IS CURRENTLY SERVED BY ISOLATED DIESEL PLANTS. THIS IS EXPECTED TO ENCOURAGE INDUSTRIAL DEVELOPMENT AND THEREBY, ENHANCE EMPLOYMENT OPPORTUNITIES. ALTHOUGH THE LONG TERM EMPLOYMENT OPPORTUNITIES CREATED BY THE PROJECT CANNOT EASILY BE QUANTIFIED, IT IS EXPECTED THAT BY THE TIME OF THE COMMISSIONING OF THE PROJECT IN 1984, THERE WILL HAVE BEEN A SUBSTANTIAL INCREASE IN POWER DEMAND THROUGH INDUSTRIAL DEVELOPMENT WHICH WILL CREATE A SUBSTANTIAL NUMBER OF NEW JOBS. IT MAY ALSO BE NOTED THAT DURING THE CONSTRUCTION PERIOD OF THE PROJECT FROM 1978 TO 1984 UP TO 3,000 ADDITIONAL JOB OPPORTUNITIES

WILL BE PROVIDE IN THE PROJECT AREA. BESIDES CONSTITUTING  
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PAGE 02 MANILA 12190 02 OF 02 181118Z

A MAJOR CAPITAL INVESTMENT IN THE ECONOMIC INFRASTRUCTURE  
OF THE REGION, WITH ITS ATTENDANT INDUSTRIAL DEVELOPMENT  
AND EMPLOYMENT POTENTIAL, THE PROJECT WILL HAVE THE  
FOLLOWING ADDITIONAL BENEFITS:

(I) FLOOD CONTROL - THE PROPOSED MAIN DAM WILL CONTROL  
SOME 55 PERCENT OF THE TOTAL CATCHMENT OF THE TRANGGANU  
RIVER BASIN AND, THEREFORE, HAS A POTENTIAL TO SIGNIFICANT-  
LY MITIGATE THE EFFECTS OF FLOODING WHICH OCCURS FREQUENTLY  
DURING THE NORTHEAST MONSOON SEASON.

(II) SALINITY CONTROL - DURING PERIODS OF LOW RIVER  
FLOW AND HIGH TIDES, THE WATER SUPPLY SYSTEMS WHICH DRAW  
WATER FROM THE TRENGGANU RIVER ARE ADVERSELY AFFECTED BY  
EXCESSIVE WATER SALINITY. COMPLETION OF THE PROJECT WILL  
RESULT IN REGULATED WATER RELEASE FROM THE DAM AND REDUCED  
SALINITY CONDITIONS.

(III) FISHERIES DEVELOPMENT - THE LARGE LAKE WHICH  
WILL BE CREATED BY THE PROJECT OPENS UP POSSIBILITIES FOR  
A FRESH WATER FISHERIES DEVELOPMENT PROJECT.

(IV) ROAD IMPROVEMENTS - CONSTRUCTION OF THE MAJOR  
ACCESS ROADS TO THE DAM SITE AND SADDLE DAMS AND OF A  
HIGH LEVEL BRIDGE OVER THE TRANGGANU RIVER AT KUALA BRANG  
WILL GIVE ALL-WEATHER ACCESS TO TIMBER AND PALM OIL  
DEVELOPMENT AREAS IN THE VICINITY OF THE PROJECT AREA.  
EDMOND

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## Message Attributes

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